



**KPERS**

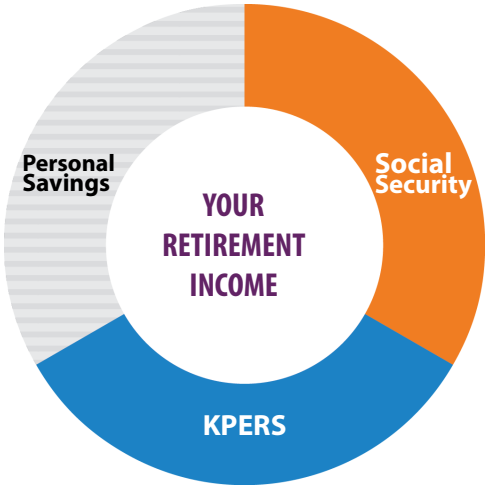
Pre-Retirement Webinar  
KPERS 1  
KPERS 2

*Retirement Planning*  
Counting Down the Last 12 Months

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### 3 SOURCES OF RETIREMENT INCOME

- Experts recommend replacing **at least 80%** of retirement income
- Amount could be affected by **individual expenses** (e.g. health care)
- KPERS and Social Security alone **won't be enough**
- **Personal savings** is vital income source for sound retirement



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## SOCIAL SECURITY

- KPERS will not affect Social Security
- Social Security will not affect KPERS
- Social Security Administration: 1-800-772-1213

[www.ssa.gov](http://www.ssa.gov)

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## STAYING IN KPERS 457 AFTER RETIREMENT

- Stay in KPERS 457 after retirement
- Retirement Specialist to help
- Great for retirement lump sums
  - Sick/vacation payouts
  - Retirement incentive



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## BENEFITS WILL BE HERE

- KPERS prefunded during your career
- About \$20 billion in assets with about \$1.3 billion in contributions each year
- Over \$1.2 billion in investment income in FY 2019
- About \$1.7 billion in benefits each year
- As your fiduciary, we're keeping long-term funding needs in front of the Legislature

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## Retirement Eligibility



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## KPERS MEMBERSHIP

### KPERS 1

Hired before July 1, 2009, and **active** on July 1, 2009

### KPERS 2

Hired between July 1, 2009 - December 31, 2014

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## WHEN CAN YOU RETIRE – KPERS 1

One of these criteria:

- Age 65 with 1 year
- Age 62 with 10 years
- Any age when your age and years of service equal 85

Current age		52
Current years of service	+	29
Total points		81
Subtract total from 85	$85 - 81 =$	4
Divide by 2	$4 \div 2 =$	2
Add to current age	$52 + 2 =$	<b>54</b>

← Age for 85 points

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## WHEN CAN YOU RETIRE – KPERS 2

- Age 65 with 5 years
- Age 60 with 30 years

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## EARLY RETIREMENT – KPERS 1

- Age 55 with 10 years

*The earlier you retire, the more your benefit is reduced*

Age	Example	Reduction
62	Full benefit = \$1,500/month	0%
60	Reduced benefit = \$1,425/month	5%
58	Reduced benefit = \$1,215/month	19%
55	Reduced benefit = \$885/month	41%

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## EARLY RETIREMENT – KPERS 2

- Age 55 with 10 years

*The earlier you retire, the more your benefit is reduced  
Smaller reduction if you retire with at least 30 years of service*

Age	Example	Reduction < 30 years	Reduction > 30 years
65	Full benefit = \$1,500/month	0%	0%
60	Reduced benefit = \$930/month	38%	0%
58	Reduced benefit = \$780/month	48%	24%
55	Reduced benefit = \$600/month	60%	30%

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## THINGS TO CONSIDER BEFORE RETIRING EARLY

- The earlier you retire, the more your benefit is reduced
- Lifetime reduction
- No automatic COLA
- Inflation reduces your buying power over time

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## DISABILITY VS RETIREMENT

- Long-term disability benefits pays 60% of salary
- Continue receiving service credit and life insurance
- First 24 months: disabled from current job
- After 24 months: disabled from any job
- Apply for retirement benefits when disability benefits end
- Contact KPERS to discuss your options

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## Benefit Calculation



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## BENEFIT CALCULATION

### KPERS 1

EXAMPLE	Final Avg Salary	x	Statutory Multiplier	x	Years of Service	=	Annual Benefit	÷	Months in Year	=	Monthly Benefit
		40,000	x	1.75%	x	20	=	\$14,000	÷	12	=
	40,000	x	1.85%	x	10	=	+ \$7,400	÷	12	=	+ \$617
	Combined (Total)						\$21,400	÷	12		<b>\$1,784</b>

KPERS 1: Service before January 1, 2014, is calculated at 1.75%. Service January 1, 2014, and after is calculated at 1.85%.

Account balance doesn't determine your benefit. Your balance is important only if you withdraw or die before retirement.

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## BENEFIT CALCULATION

### KPERS 2

EXAMPLE	Final Avg Salary	x	Statutory Multiplier	x	Years of Service	=	Annual Benefit	÷	Months in Year	=	Monthly Benefit
		40,000	x	1.85%	x	30	=	\$22,200	÷	12	=

Account balance doesn't determine your benefit. Your balance is important only if you withdraw or die before retirement.

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## FINAL AVERAGE SALARY (FAS)

### KPERS 1

**Hired before July 1, 1993**, or in your "Year of Service" on July 1, 1993

- Highest **three year average** (12 quarters), or
- Highest **four year average** (16 quarters) **including** additional compensation

**Hired on or after July 1, 1993**

- Highest **three year average** (12 quarters)

### KPERS 2

- Highest **five year average** (20 quarters)

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Purchasing  
Service  
Credit



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## PURCHASING SERVICE CREDIT

- Possibly retire earlier and increase benefit
- Cost based on age and salary
- Paid with lump sum or payroll deduction
- Paid for before last day on payroll
- Call KPERS for estimate

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## Choosing Your Retirement Date



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## CHOOSING YOUR RETIREMENT DATE

### All Non-School and School Non-Licensed (classified)

- 12 available retirement dates
- May retire the **first** of the month following your last day on payroll

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## CHOOSING YOUR RETIREMENT DATE

### School-Licensed (certified)

- Teachers – As early as June 1, if work under contract is complete
- Principals and Superintendents – As early as June 1, if work under contract is complete
- If using additional pay, first of the month after the end of the contract

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## CHOOSING YOUR RETIREMENT DATE

### Rounding Quarter

- Work only one day into the rounding quarter to earn credit for that entire quarter
- Adds additional year of service to benefit calculation
- Not everyone's rounding quarter is the same. Based on hire date and how your employer tracks financial quarters
- Call KPERS to find out your exact rounding quarter

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## CHOOSING YOUR RETIREMENT DATE

### Rounding Quarter Example

- John has 19.25 years of service on January 1
- John's rounding quarter is the 2<sup>nd</sup> quarter, which starts April 1 at his employer
- John only needs to work through April 1 to earn credit in the 2<sup>nd</sup> quarter
- John will then have 19.50 years of service, rounding to 20 years

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# Benefit Options

- Maximum Monthly
- Joint-Survivor
- Life-Certain
- Partial Lump-Sum



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## MAXIMUM MONTHLY BENEFIT OPTION

- Maximum benefit amount
- Lifetime benefit
- No survivor benefit
- Beneficiary receives any remaining contributions

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## JOINT-SURVIVOR BENEFIT OPTIONS

- Lifetime monthly benefit + lifetime monthly survivor benefit **after your death**
- Reduction for survivor benefit varies by survivor's age
- 3 options for survivor benefit
  - 50%
  - 75%
  - 100%

If survivor dies before you, increases to Maximum Monthly.  
Can't name someone else

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## LIFE-CERTAIN BENEFIT OPTIONS

- Lifetime monthly benefit
- Guaranteed 5, 10 or 15-year benefit **from retirement date**
- If you die within the guaranteed period of time, beneficiary receives benefit for the **remaining guaranteed period**
- Change beneficiaries anytime and name any number of beneficiaries to share benefit

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## LIFE-CERTAIN BENEFIT EXAMPLE

*John chooses a 10-year life-certain option*

Scenario #1

-John dies 5 years after retirement. His beneficiary receives the same benefit for 5 more years.

Scenario #2

-John dies 15 years after retirement. There is no benefit after his death because the 10-year guaranteed period is over.

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## PARTIAL LUMP-SUM OPTION (PLSO)

- Percentage of retirement benefit in a lump sum
- Must choose a monthly benefit option also
- Percentage of **actuarial present value** of lifetime benefit, not account balance
- **KPERS 1** 10, 20, 30, 40, or 50%  
**KPERS 2** 10, 20, or 30%
- Permanently reduces monthly benefit

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## THINGS TO CONSIDER WITH A PLSO

- PLSO permanently reduces your benefit for life
- Eligible for rollover
- 20% federal withholding if paid directly to you
- Possible 10% IRS penalty if under age 59 ½
- Can you make up the monthly income reduction?

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Your  
Online Account



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## WHAT YOU CAN DO ONLINE

- Keep your address, phone and email up-to-date
- View and update beneficiaries

More options after retirement:

- Change your tax withholding
- Print 1099-R tax form

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## YOUR ACCOUNT

Click here

Member Login Employer Login

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KPERs

INBOX 0 new Messages

GO TO

- ▶ Home
- ▶ Personal Profile
- ▶ Beneficiaries
- ▶ Seminar Registration
- KPERs Account
- ▶ Account Summary
- ▶ Insurance/Disability
- ▶ Benefit Calculator
- ▶ Annual Statements

Member Login

Why do I have to enroll?  
How are you protecting my information?  
Contact us

New User What you'll need to enroll

User ID

Login Forgot User ID

Goes to Login

Portal Home

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## ACCOUNT SUMMARY

**INBOX**

**1** new Messages

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**GO TO**

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- ▶ Beneficiaries
- ▶ Seminar Registration
- KPERS Account**
- ▶ Account Summary
- ▶ Insurance/Disability
- ▶ Benefit Calculator
- ▶ Annual Statements

### Account Summary (as of 12/16/2017)

Snapshot			
Account Balance	Total Service Credit	Membership Date	Status
\$67,156.61	24.75 years	02/18/1994	Active

Employee Contributions		
Taxed	Untaxed	*Interest
\$0.00	\$45,862.76	\$21,293.85


\*Includes interest credited to the account on 6/30/2017

Service Credit			
Type		Multiplier	
Earned	23.75 years	Service @ 1.75%	20.75 years
Purchased	1.00 years	Service @ 1.85%	4.00 years
<b>Total Service Credit</b>	<b>24.75 years</b>	<b>Total Service Credit</b>	<b>24.75 years</b>

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# Calculate an Estimate

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## PERSONALIZED BENEFIT ESTIMATE

**INBOX**

1 new Messages

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### Account Summary (as of 12/16/2017)

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**Service Credit**

Type		Multiplier	
Earned	23.75 years	Service @ 1.75%	20.75 years
Purchased	1.00 years	Service @ 1.85%	4.00 years
<b>Total Service Credit</b>	<b>24.75 years</b>	<b>Total Service Credit</b>	<b>24.75 years</b>

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## PERSONALIZED BENEFIT ESTIMATE

The earliest date you can receive a full retirement benefit is **02/01/2018**.\*

I will retire on 02/01/2018.

I will retire on  (mm/dd/yyyy). Must be the first day of a month.

\*You may actually become eligible sometime in the previous year before this date due to earning additional service credit. Please check with your employer if you are nearing retirement and would like an exact eligibility date.

**Step 3: What is your final average salary?**

Your current final average salary (FAS) is **\$61,931.45**. [What is FAS?](#)

Use \$61,931.45 as my FAS.

Use  as my FAS.

Use  as my FAS with annual salary increase of %

**Step 4: What is your total service credit?**

Your current total service credit is **25.00** years.

Service @ 1.75% : 20.75  
Service @ 1.85% : 4.00

Your projected total service credit is **25.00** years, if you continue working until your estimated retirement date shown above.

Use the projected service based on the selected retirement date in **Step 2**

Use 25.00, my total years of service as of 12/16/2017

Use  as my total years of service.

**Step 5: Do you plan to provide a continuing benefit to a survivor?**

I do not plan to provide for a survivor. I want a benefit for my lifetime only.

I plan to provide for a survivor. My survivor's date of birth is  (mm/dd/yyyy).

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## PERSONALIZED ESTIMATE EXAMPLE

[Calculate & Save](#)
[Download Estimate](#)
[Back](#)

Retirement Date: **07/01/2018**  
 Retirement Age: **68**  
 Final Average Salary: **\$61,931.45**  
 Total Service: **25.00 years**  
 Service @ 1.75%: **21.00 years** Service @ 1.85%: **4.00 years**  
 Annual Benefit = **\$27,342.73**

### Monthly Benefit

Benefit Option	No Lump Sum	10% Lump Sum	20% Lump Sum	30% Lump Sum	40% Lump Sum	50% Lump Sum
PLSO	\$0.00	\$23,148.05	\$46,296.10	\$69,444.15	\$92,592.20	\$115,740.25
Maximum	\$2,278.56	\$2,050.70	\$1,822.85	\$1,594.99	\$1,367.14	\$1,139.28
50% Joint-Survivor	\$2,119.06	\$1,907.16	\$1,695.25	\$1,483.34	\$1,271.44	\$1,059.53
75% Joint-Survivor	\$2,039.31	\$1,835.38	\$1,631.45	\$1,427.52	\$1,223.59	\$1,019.66
100% Joint-Survivor	\$1,959.56	\$1,763.61	\$1,567.65	\$1,371.69	\$1,175.74	\$979.78
5-Year Life-Certain	\$2,232.99	\$2,009.69	\$1,786.39	\$1,563.09	\$1,339.79	\$1,116.49
10-Year Life-Certain	\$2,164.63	\$1,948.17	\$1,731.71	\$1,515.24	\$1,298.78	\$1,082.32
15-Year Life-Certain	\$2,005.13	\$1,804.62	\$1,604.11	\$1,403.59	\$1,203.08	\$1,002.57

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## WRITTEN ESTIMATE FROM KPERS

- KPERS-15E form at [kpers.org](http://kpers.org)
- 30-day turnaround
- Especially for members expecting add-on pay
- Best to involve your employer for pay info

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# The Retirement Process



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## SUBMITTING YOUR RETIREMENT APPLICATION

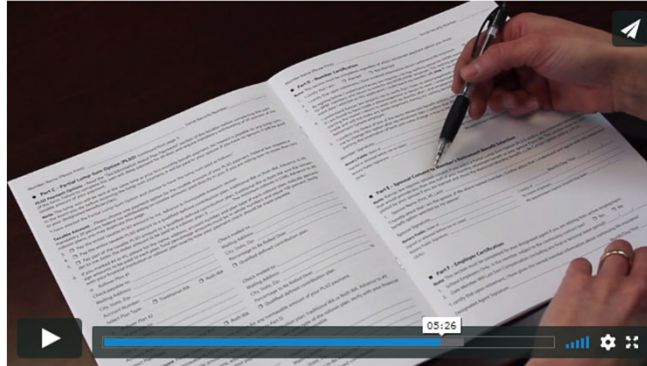
- Submit paper application at least 30 days before retirement date
- Include proof of age and name change documents
- You'll get a confirmation letter from KPERS with your benefit amount

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## RETIREMENT APPLICATION VIDEO



[www.kpers.org/retire/HowToApply.html](http://www.kpers.org/retire/HowToApply.html)

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## RECEIVING MONTHLY BENEFIT PAYMENTS

- Direct Deposit on last business day of the month
- Get notice of changes, but no regular payment notice
- Payment summary online
- First benefit example:  
 March 1 retirement date      First payment March 30

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## FEDERAL AND STATE INCOME TAXES

- Federal: taxable
- Kansas: not taxable
  - You already paid state taxes while working
  - Other states? Check with that state
- Change federal withholding anytime online
- 1099-R tax form each January

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## FEDERAL AND STATE INCOME TAXES

### Account Information

<b>Benefit Start Date:</b>	08/01/2001	<b>Total Contributions:</b>	\$187,569.52
<b>Benefit Option:</b>	75% Joint-Survivor	<b>Lifetime Benefits to Date:</b>	\$867,419.58

### Monthly Benefit Information

Next Payment Date: 01/31/2018

Item	Item Amount
Taxable Base Benefit	\$4,741.68
Fed Withholding - Monthly	\$970.00
Net Amount	\$3,771.68

### Tax Withholding Information

Your current tax withholding info		Update tax withholding information	
<b>Marital Status</b>	Single	<b>Marital Status</b>	Single <input type="text"/>
<b>Allowances</b>	0	<b>Allowances</b>	0 <input type="text"/>
<b>Additional Amount</b>	\$200.00	<b>Additional Amount</b>	\$200.00 <input type="text"/>
Please see the Monthly Benefit section above to view the amount currently withheld from your benefit.			

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## FEDERAL AND STATE INCOME TAXES

### Payment History (up to last 3 years)

Lifetime benefits paid to date : \$867,419.58

Payment Year	Gross Benefit	Taxable	Non-Taxable	Federal Taxes	Deductions	Total Payments
2017	\$56,900.16	\$56,900.16	\$0.00	(\$11,644.00)	\$0.00	\$45,256.16
2016	\$56,900.16	\$56,900.16	\$0.00	(\$11,688.00)	\$0.00	\$45,212.16

### Payment History

Payment Date	Gross Benefit	Taxable	Non-Taxable	Federal Taxes	Deductions	Net Payment
01/31/2017	\$4,741.68	\$4,741.68	\$0.00	(\$974.00)	\$0.00	\$3,767.68
02/28/2017	\$4,741.68	\$4,741.68	\$0.00	(\$970.00)	\$0.00	\$3,771.68
03/31/2017	\$4,741.68	\$4,741.68	\$0.00	(\$970.00)	\$0.00	\$3,771.68
04/28/2017	\$4,741.68	\$4,741.68	\$0.00	(\$970.00)	\$0.00	\$3,771.68
05/31/2017	\$4,741.68	\$4,741.68	\$0.00	(\$970.00)	\$0.00	\$3,771.68
06/30/2017	\$4,741.68	\$4,741.68	\$0.00	(\$970.00)	\$0.00	\$3,771.68

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## RETIREE DEATH BENEFIT

- \$4,000 death benefit
- Taxable
- Person, estate, trust or funeral establishment
- No death benefit for joint annuitant

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## KEEP BENEFICIARY UP-TO-DATE

- When to review beneficiaries
  - Marriage
  - Divorce
  - Retirement
  - Birth/adoption
  - Death
- Change beneficiaries any time online

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## LIFE INSURANCE – WHAT YOU HAVE NOW

- Basic life insurance = 150% of current salary
- Optional group life insurance
- Continue coverage within 60 days of last day on payroll

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## CONTINUING LIFE INSURANCE

### Portability

- **Term** insurance option
- No health questions
- Under age 80 and actively at work
- Coverage begins to reduce at age 65
- Must port some member coverage to port spouse coverage

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## CONTINUING LIFE INSURANCE

### Conversion

- **Whole-life** option
- No health questions
- Higher premiums, builds cash value
- Premiums payable to age 100

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## HEALTH INSURANCE

- KPERS does not provide health insurance coverage
- Contact your human resources office

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## Working After Retirement



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## WORKING AFTER RETIREMENT BASICS

- No restrictions for non-KPERS employers

### **Working for a KPERS employer**

- No member contributions, but employers do
- No prearrangements
- Waiting period
- Penalties

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## NO PREARRANGEMENTS

- Anytime before retirement
- Anytime during waiting period
- Important for KPERS qualified plan status
- Penalties for retiree and employer

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## WAITING PERIOD

- 180-day waiting period if retiring before age 62
- 60-day waiting period if retiring age 62 or older
- Begins with retirement date
- Remember, no prearrangements!

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## PENALTIES

- Benefit **suspended** starting the month you return to work, and ending 6 months after you stop employment
- Must **repay** benefits received while working after retirement

*Note: Employer will have to pay penalties as well*

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# Retirement Resources



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RETIREMENT INFORMATION CENTER

kpers@kpers.org Toll-free: 1-888-275-5737 or Topeka: 785-296-6166

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Are You Ready to Retire?

When Can I Go? How Much Will I Get? How Do I Apply? What Else Do I Need to Know?

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## RETIREMENT COUNTDOWN

- Find out when you're eligible
- Calculate an estimate
- Review payment options
- Submit application
- Review life insurance
- Determine tax withholding
- Confirm Social Security
- Review health insurance needs
- Review your other retirement plans and savings

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## CONTACT INFO

### KPERS

**Email:** [kpers@kpers.org](mailto:kpers@kpers.org)

**Toll-free:** 1-888-275-5737

**Topeka:** 785-296-6166

### Social Security

**Website:** [ssa.gov](http://ssa.gov)

**Toll-free:** 1-800-772-1213

**Topeka:** 1-888-327-1271

### KPERS 457

**Email:** [kpers457@kpers.org](mailto:kpers457@kpers.org)

**Toll-free:** 1-800-232-0024

**Topeka:** 785-414-3600

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Thank You

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